

Office of Inspector General
Washington, DC 20201

Contact: OIG Public Affairs
(202) 619-1343

Office of the Inspector General Announces Significant Corporate Integrity Agreement with Sun Healthcare Group, Inc.

The Department of Health and Human Services' Office of Inspector General (OIG) announced today it has entered into a significant Corporate Integrity Agreement (CIA) with Sun Healthcare Group, Inc. (Sun), one of the nation's largest operators of nursing homes and long-term care services. Under the CIA, Sun will adopt a comprehensive internal quality improvement program at the corporate, regional and facility levels aimed at ensuring the quality delivery of long-term care. The CIA with the OIG is part of the resolution of ongoing investigations of the company by the OIG and the Department of Justice.

The OIG imposes compliance obligations on health care providers when negotiating its settlements of Federal health care program violations under a variety of statutes and regulations. A provider consents to these obligations as part of the civil settlement and/or in exchange for the OIG's agreement not to exclude the health care provider from participation in the Federal health care programs.

The Sun CIA is for a term of five years and requires the company to implement a variety of compliance measures to ensure the integrity of Federal health care program claims submitted by Sun. Modeled largely after the OIG's "Compliance Program Guidance for Nursing Facilities," and resembling recent CIAs with long-term care providers, the CIA addresses the quality of care delivered to residents and patients, as well as promotes compliance with the Federal health care program requirements.

In addition to creating a quality improvement infrastructure, Sun will engage a team of independent monitors selected by the OIG to provide an ongoing assessment of these systems and quality of care measures. For example, the monitors will review and analyze Sun's quality of care infrastructure, including its response to quality of care issues, the accuracy of internal reports, as well as perform evaluations of Sun's policies and procedures, staffing data and assessments of patient and resident care. The monitors will work collaboratively with Sun and the OIG to identify and correct system deficiencies, as well as enhance existing quality improvement programs.

The CIA includes additional measures that require Sun to:

- conduct training every year for all employees to promote compliance with the Federal health care program requirements;
- continue to operate a confidential disclosure program for its employees, contractors, patients and families;
- perform a semi-annual screening of all employees and contractors to determine their eligibility to participate in the Federal health care programs;
- create a comprehensive internal audit and review mechanism that reviews that adequacy of its system of internal financial controls, accounting practices, financial reporting practices and other internal audit and review functions;
- engage an independent review organization to perform financial and compliance reviews in conjunction with its own staff that are aimed at identifying and eliminating payment errors.

“Sun’s acceptance of the quality monitors, the adoption of the related compliance infrastructure and the implementation of these compliance measures are important steps toward improving the quality of care for all of Sun’s residents and patients,” said Acting Inspector General Michael Mangano. “We look forward to working with Sun as they embark on this meaningful quality improvement process.”

Sun has filed for protection from its creditors under Chapter 11 of the bankruptcy code. The terms of this agreement will not be effective until there is a settlement of the government’s ongoing investigations of the company and the agreement is approved by the U.S. Bankruptcy Court. Accordingly, the CIA will not be available to the public until that time.

07/26/01